

BUDGET REVIEW COMMITTEE
JULY 25, 2016
PUBLIC HEARING

A public hearing was conducted by the Budget Review Committee for the full Board of Aldermen on Monday, July, 25, 2016, at 7:00 p.m. in the Aldermanic Chamber.

Alderman-at-Large Richard A. Dowd, Chair, presided.

Members of Committee present: Alderman-at-Large Lori Wilshire, Vice Chair
Alderman-at-Large Brian S. McCarthy
Alderman-at-Large Michael B. O'Brien
Alderman Sean M. McGuinness
Alderman David Schoneman
Alderman Ken Siegel

Members not in Attendance: Alderman June M. Caron
Alderman Don LeBrun
Alderman Tom Lopez

R-16-047
AUTHORIZING THE MAYOR AND CITY TREASURER TO ISSUE BONDS NOT TO EXCEED
THE AMOUNT OF ONE MILLION DOLLARS (\$1,000,000) FOR VARIOUS IMPROVEMENTS
AT THE SOLID WASTE DEPARTMENT FOUR HILLS LANDFILL

As provided for in NRO 5-28, Jeff LeFleur, Superintendent of the Solid Waste Department gave a brief explanation on Resolution R-16-047.

Superintendent LeFleur

Expansion of the setback barrier wall is a permit driven expansion that I have to do every year. That's what divides the setback to the residents from the waste. That consists of concrete blocks, liners. That will separate anything from transferring over the 500-foot setback. The expansion of the landfill gas system is also a permit driven project that needs to be done. That helps collect the methane that's produced by the MSW decomposition. That releases the odors and emissions that keep us in compliance with our quarterly emission scans. The design of the Phase III landfill and permitting Phase IV, the design of the Phase III landfill will generate the information to go out to bid for construction. This process has to start real soon, like now, because I have to get all the construction documents done and all the bidding ready for construction so when we're done filling Phase II we can go right into Phase III. Permitting Phase IV, with the ever-changing regulations at DES, we want to get this process started. We don't want to lose any air space to the landfill. An example of some of the changes is there could be a potential change to the setback distance further than the 500 feet. We don't want to lose any more air space. That's basically an overview of the three projects.

Alderman Schoneman

It sounds like they are annual types of things or periodic. Are they ever done as part of a normal budget or are they normally bonded?

Alderman Siegel

Isn't this a public hearing so we have to take the testimony from the public and then at a later point, we debate this?

Chairman Dowd

I just wondered if anybody wanted clarification from any of the things he presented, not get into a debate of the pros and cons. Just questions relative to what was presented to make sure you are clear on exactly what the project that's being presented.

Alderman Schoneman

I'll defer my question until later.

TESTIMONY IN FAVOR – None

TESTIMONY IN OPPOSITION – None

TESTIMONY IN FAVOR - None

TESTIMONY IN OPPOSITION – None

**MOTION BY ALDERMAN SIEGEL TO CLOSE THE PUBLIC HEARING
MOTION CARRIED**

The public hearing was declared closed at 7:06 p.m.

Alderman Sean M. McGuinness
Committee Clerk

BUDGET REVIEW COMMITTEE

JULY 25, 2016

A meeting of the Budget Review Committee was held Monday, July 25, 2016, at 7:06 p.m. in the Aldermanic Chamber.

Alderman Richard A. Dowd, Chair, presided

Members of Committee present: Alderman-at-Large Lori Wilshire, Vice Chair
Alderman-at-Large Brian S. McCarthy
Alderman-at-Large Michael B. O'Brien
Alderman Sean M. McGuinness
Alderman David Schoneman
Alderman Ken Siegel

Members not in Attendance: Alderman Don LeBrun
Alderman Tom Lopez
Alderman June M. Caron
Alderman-at-Large David W. Deane (Arrived after roll call at 7:10 p.m.)

Also in Attendance: Mayor Jim Donchess
Mr. David G. Fredette, Treasurer
Mr. Steven A. Bolton, Corporation Counsel
Mr. Jeff Lafleur, Superintendent of Solid Waste

PUBLIC COMMENT - None

COMMUNICATIONS – None

UNFINISHED BUSINESS – None

NEW BUSINESS – RESOLUTIONS

R-16-045

Endorsers: Mayor Jim Donchess
Alderman Ken Siegel
Alderman-at-Large Lori Wilshire
Alderman-at-Large Michael B. O'Brien, Sr.
Alderwoman Mary Ann Melizzi-Golja
Alderman Tom Lopez
Alderman June M. Caron
Alderman-at-Large Brian S. McCarthy

ESTABLISHING AN EXPENDABLE TRUST FUND FOR STATE EMPLOYER PENSION COSTS

MOTION BY ALDERMAN MCGUINNESS TO RECOMMEND FINAL PASSAGE OF R-16-045

ON THE QUESTION

Alderman Siegel

This is fairly straightforward. We debated the whole idea of the expendable trust fund. The big controversy the last time this went around was whether or not we'd actually transfer money into it or not. I believe the existence of trust fund, itself, was never really much in debate. I believe we need this vehicle to hold money

that we transfer so they can cross boundaries of the budgets and serve as a repository to keep track of this money. I believe this is fairly straightforward. I don't see any bypassing or any of the other kinds of things that we talked about. Again, this is a piece of legislation voting for a container to contain money, but there is no money associated with the container right now.

Alderman Schoneman

If this container is established, how will the money be transferred to it at a future date?

Alderman Siegel

Any money transferred to this container would have to be voted on by the Board of Aldermen. It would be up to the members of the Board to decide whether or not it makes sense to put money in. Or in the future budgets, the mayor could allocate money to be set aside for this purpose which would still be up to the Board of Aldermen to either approve or not approve. At no point does the Board of Aldermen lose authority over how this is funded.

Alderman Schoneman

It sounds like it is by simple majority as well as it is under the Cap. Am I correct in that?

Chairman Dowd

I believe so.

Alderman Schoneman

I will continue to oppose this only because it's a pot set up for a particular purpose, and I don't agree with the purpose. I think pension costs should be part of the budget. They should be part of regular appropriations. I don't want any vehicle to be set up. I just don't think its right to set up any vehicle to make it easier to move money around. We can say it's still going to be subject to Board approval and all that, but why should we even set it up if we're concerned about it. I can't support it.

Alderman Siegel

Well, because we are not sure what the anticipated pension obligations are going to be; we know short term what they are going to be and to the extent that we have money that we can put in there budgeted with everybody's approval or not, it will be something that we can set aside and it can last beyond the budget year. Again, I understand your philosophy and that's fair but this is a container that you are voting on. You can feel free to fill it or not at your leisure.

Alderman McCarthy

We've established these trust funds for other purposes where we don't on a yearly basis understand exactly what the cost will be. We have one for snow plowing, we have one for welfare expenses and several others that vary from year to year and the alternative is to simply budget every one of those items at the maximum amount that it can possibly cost us in a year.

MOTION CARRIED

R-16-047

Endorsers: Mayor Jim Donchess
Alderman Ken Siegel
Alderwoman Mary Ann Melizzi-Golja
Alderman-at-Large Michael B. O'Brien, Sr.
Alderman Richard A. Dowd

AUTHORIZING THE MAYOR AND CITY TREASURER TO ISSUE BONDS NOT TO EXCEED THE AMOUNT OF ONE MILLION DOLLARS (\$1,000,000) FOR VARIOUS IMPROVEMENTS AT THE SOLID WASTE DEPARTMENT FOUR HILLS LANDFILL

- Also assigned to the Board of Public Works; to appear on its 7/26/16 agenda

MOTION BY ALDERMAN MCGUINNESS TO RECOMMEND FINAL PASSAGE

ON THE QUESTION

Alderman Siegel

I believe that the vote was unanimous because we are going to make a recommendation to the full Board going forward. Alderman Schoneman, I believe you were against it.

Alderman Schoneman

I'm against it and I am a member of the committee.

Are these projects recurring projects and do we need this to construct new landfill space and to expand the gas system. Do we normally do these with bonds or in the past have they been done with regular operational expenses?

Mr. Fredette

The first two items on the resolution, the expansion of the barrier wall and the landfill gas system, it has been funded in the past with the regular operating budget of solid waste but as you are fully aware the spending cap continues to go down every year. This year it was at 1.3% and we don't have the cash to pay for it so it was discussed while putting together the budget and it was decided that we go this route at least for this year and probably the next few years unless we see a windfall of money coming into the city or something.

Alderman Siegel

I understand the trigger for Treasurer Fredette's concern. I am okay with bonding things that are typically have a lengthy lifespan and benefit a large population over that entire lifespan, which the landfill clearly does. Plus, honestly, we don't really have an option with the landfill. It's not like we can say well we are not going to do it, we have to do it, it's not optional.

Alderman McGuinness

Treasurer Fredette, the barrier wall and what were the other improvements?

Mr. Fredette

The landfill gas system.

Alderman McGuinness

So there is a piece of equipment there that needs to be replaced?

Mr. Fredette

I am not an expert at it.

Alderman Deane

It's a collection system for the methane.

Chairman Dowd

It has to keep being expanded.

Alderman Deane

I look at this as though it was like CERF. We've been bonding fire trucks and this clearly, if it falls within operational guidelines or the realm of allowable use of bonded funds then I am sure Bond Counsel would tell us if it were not. The most important part of this bond is the \$500,000 for the expansion and permitting of the final phases because we have to get that done now. That would be a huge mistake not to do that because the way things happen in Concord you never know what is going to transpire and we've had some issues with some of the design work on the landfill but now we have to move forward to get the most air space we can out of the existing facility along with the setback barrier walls; the sewer walls that contain all of it. We own the landfill and as Treasurer Fredette mentioned earlier about the appropriations and the spending cap, we already provide \$4.5 million cash infusion out of the tax base to cover the operations of the landfill. If you took collections out of the landfill budget and just looked at the operational cost I am sure the tipping fees would cover all of that. It's the curbside collection that has a significant cost to it. I don't have a vote here but I am going to support this at the full Board, I think this is of the utmost importance. We own a landfill and the last thing we want to be is beholden to anybody else to have to transfer our MSW outside of the city.

Alderman Schoneman

This is to cover three projects. Can you tell us what the breakdown of the three projects is?

Mr. Fredette

It's right on the resolution, it's the expansion of the setback barriers is \$200,000; the expansion of the landfill gas system is \$300,000 and the designer phase III expansion and the permitting of phase IV is \$500,000.

Alderman McCarthy

Just out of curiosity, the original plan when we permitted phase I was to do three phases. Is phase IV within that same footprint and what changed?

Mr. Jeff Lafleur, Superintendent of Solid Waste

Yes it is in between the two valleys. It's between the closed MSW and the phase I, II and III.

Alderman McCarthy

Can we actually permit that now?

Mr. Lafleur

I am going for it, absolutely.

Alderman McCarthy

Awesome.

Alderman Schoneman

Then on the first two parts, the \$200,000 and the \$300,000; do those have a lifespan that will exceed the term of the bond or are we going to be bonding something else in a year or two?

Mr. Fredette

No, each project, the life of those will exceed the 20 year lifespan.

Alderman Schoneman

So the life of the first two will exceed the 20 year lifespan?

Mr. Fredette

Yes.

Alderman Schoneman

Okay so this is not something that we will be doing again, this expansion of the gas collection system will not have to be updated again within the term of the bond?

Mr. Fredette

A portion of the soil wall gets done every year and the landfill gas system I believe is done almost every year also. As I said earlier, in the past this has been put in the operating budget and funded through cash raised from taxes. We can't afford it now with the spending cap being at 1.3%.

Alderman Schoneman

I recognize the absolute necessity to get these things done but what the budget requires us to do is to prioritize and so we let something slide that was necessary in order to fit other things into the budget that may not have been as much as an imperative as these three things are. I know these are difficult choices but we run into problems because of the way we prioritize in the initial budget. I hope we look at things that are imperative and make room for them in coming years and not try to bond them.

Alderman McGuinness

I would echo Alderman Schoneman. I don't like workarounds to get around the spending cap and it's a workaround. In light of some of the testimony, however, this is apparently very necessary. I just don't want to see too much more of this to get around a proper budgeting process. I would otherwise vote no but I understand the necessity of this so I will support it.

Mayor Donchess

I just want to make it clear that in the budget as proposed these items were listed and we suggested at that time that these should be bonded. I just don't want anyone to think that this was just sort of not disclosed. These items were in the budget and no current funds were assigned to them and we made it clear that we thought these should be bonded at that time. I will reiterate that we are putting millions of dollars into the enterprise fund which is the landfill and collection in a cash current funds basis so it's not like we are floating this whole enterprise fund based on bonding, we are putting millions in to make sure that this enterprise fund works ever year.

MOTION CARRIED

R-16-052

Endorsers: Mayor Jim Donchess

Alderman-at-Large Michael B. O'Brien, Sr.

RELATIVE TO THE TRANSFER OF UP TO \$59,861 FROM DEPARTMENT 194 –CONTINGENCY, ACCOUNT 70150 – GENERAL CONTINGENCY INTO VARIOUS SALARIES & WAGES AND FRINGE BENEFIT ACCOUNTS FOR THE PURPOSE OF ADDITIONAL SALARY INCREASES FOR MERIT EMPLOYEES OFF THE MERIT SALARY SCHEDULE

MOTION BY ALDERMAN MCGUINNESS TO RECOMMEND FINAL PASSAGE

ON THE QUESTION

Mayor Donchess

I have with me Ms. Carol Baldwin who is one of the Personnel Appeals Board members and is the director at the Adult Learning Center. Just to review how we got here, it was proposed at the end of the last fiscal year that we review the entire merit system and pursuant to that request we appointed and the Board confirmed three members of the Personnel Advisory Board, one of which was Ms. Baldwin and they made a couple of recommendations regarding the merit employees. Number one was that we undertake a more detailed study of the merit system and it is something that needed to be done over a period time and not completed by the end of the budget year. We will be doing that and to that end I am going to be proposing to you that as part of the escrow process at least a modest amount of money to assist with that review if we need it. Number two is that the Personnel Advisory Board, after looking at the entire situation, the contracts and the like, recommended that the people at the top of the merit system get raises equivalent to those below and the reason for that recommendation is that in their view, the Personnel Advisory Board, the people at the top were they to receive only a small, less than 1% raise, they are already sort of below the mark and that would place them more so and therefore in order to keep the top quality personnel that we have that in the short-term we should make this 2% raise. In addition, the funds are available in the contingency account from the budget that was just passed and the proposal here is to transfer funds from that account to fund this change.

Ms. Baldwin

Mayor Donchess explained exactly how the Personnel Advisory Board feels about the situation; we felt it was about internal equity among all of the employees and basic fairness that everyone should receive the same amount.

Alderman Deane

A number of years ago I was involved with some compression issues here and what different departments were doing to get around it and it was stipends. There were stipends being paid out to try to stop the compression issues. When you take people and you move them up the ranks, if the rank and file is making

\$4,000 or \$5,000 less than somebody that is in charge of 30 or 40 people...that is not the way it works. To Mayor Donchess' credit the three people that were just appointed to the Personnel Advisory Board, what a group! In my time, and I'm not taking anything away from people that have served but we have three professionals that are going to go through this merit book and it's good. It's a fairness issue, with responsibility and experience come pay; it's just the way it works. When you have that compression issue it starts problems. We addressed it with the fire department a number of years ago and the fire chief was getting a stipend for being on the dive team. He was never going to go in the water but it was a compression problem. Now we have a grid set up and these people are all creeping off the grid. They get .9% increases while their colleagues get 2.9% or 3.0% and it doesn't take long for that to build up. I'm glad you are going to go through the merit handbook and I believe the new human resources director is going to take part in that as well. I am going to support this legislation, it's overdue.

Alderman Wilshire

I agree with everything Alderman Deane just said. When is the last time we updated our merit book?

Alderman Deane

In 2005 or 2006.

Alderman Wilshire

How many merit employees are there and how many are at the top of the scale?

Ms. Baldwin

There are 120 merit employees and about 35 are off the grid.

Alderman Siegel

I agree with Alderman Deane. We had legislation several years ago that we didn't actually act on, it kind of went away. The good news is I have to agree that we have an excellent Personnel Advisory Board, we have three professionals that are giving us very good advice about what to do and we know we have a real problem. It would be easy to say that we can't give these people a raise but you have to look at what is at the top and what are you going to lose. This city will be in a lot of trouble if we skim the top of the merit grid off. The people who have fallen off the grid have been here for a long time and they have earned the money that they have earned and they have the longevity that they have and are extremely valuable. I think we have to be sensitive to that. I am definitely going to support this.

Alderman Schoneman

I am going to ask a question whenever salary questions come up. Aside from retirement, what kind of turnover do we have in the merit ranks?

Mayor Donchess

Well there is some turnover and we've lost some people...I can't give you a percentage but the person who does payroll, for example, just left to take a job down in Massachusetts. We have backfilled and replaced that but in the recent years we've lost a couple of street superintendents who both went to Massachusetts for more money and I'm sure there are others that we could document. Certainly there has been turnover and evidence that various people have left to get higher pay. Some of the good people we have at the top have a particular reason; maybe their families are from New Hampshire or that type of thing so they maybe have a stronger incentive to stay here than if they were simply trying to chase the highest dollar. I think if they were some of

them could find other jobs. We are fortunate to have the quality people that we have and some who are committed to Nashua or New Hampshire or both and they may be working for less than they could get elsewhere if they were trying to get the highest salary that they could get.

Alderman Siegel

I've been told that there are real issues recruiting people and we will have a problem if we can't replace people with high quality people. I mean you are talking about millions of dollars and budgets under which some of these people control in key areas and you are not going to pay them so you are going to allow them an opportunity to maybe mismanage it because we didn't have an appropriate person and then down the road this might snowball. It's a difficult decision and it's very easy to say I didn't get a raise in social security and I understand and I am sensitive to that but that is a very different situation because a person that is not appropriate for a position and is appointed just to fill it and cost the city \$100 million over a long period of time is probably not a good idea. I am just making that number up but we have to be careful.

Alderman McGuinness

I would like to add that in the case of the payroll person, we lost a lot of institutional knowledge there and I remember in a meeting talking about boy, we might need an extra person to do that job that woman was so good.

Mayor Donchess

To that point, in that area of the budget, we did add another person in the current budget in anticipation that the payroll person could have left because she had mentioned she might. She went down to Massachusetts. In the middle of last year the Human Resources Department was down to one or two people out of seven because so many people had left. We do have to be careful about these salaries and make sure that we do pay equivalent so we can continue to have high quality people.

Alderman Deane

I think we should understand something else too. The merit program has a myriad of different kinds of employees. The Health Department, for instance, I believe everyone in that building is a merit employee. Some employees become vested in the pension plan and when they are vested they leave. The public works pension plan. When I was there, after 25 years you were vested and could collect out of it. If you started working for the city at 18 and you were 43 you could collect and move on. Lots of times people look at what they are going to collect at the end because they are not paying into social security so they are not going to be getting that, they are going to be relying on these pensions so they will head to Massachusetts or somewhere else where they can invest it somewhere else. The merit program does have a lot of different type of employees in it. I think it's a good plan and it's not a contract that we are dealing with and it's not another union that we have to deal with and fairness has to prevail and I think the majority of my colleagues feel the same way.

MOTION CARRIED

NEW BUSINESS – ORDINANCES – None

TABLED IN COMMITTEE

R-16-029

Endorser: Mayor Jim Donchess

**ESTABLISHING AN EXPENDABLE TRUST FUND FOR RIVERWALK WALKWAYS, BRIDGES
AND RELATED IMPROVEMENTS AND APPROPRIATING AT LEAST \$500,000 INTO THE
EXPENDABLE TRUST FUND**

- Tabled 5/23/16

GENERAL DISCUSSION – None

PUBLIC COMMENT - None

REMARKS BY THE ALDERMEN - None

POSSIBLE NON-PUBLIC SESSION

ADJOURNMENT

**MOTION BY ALDERMAN SIEGEL TO ADJOURN
MOTION CARRIED**

The meeting was declared closed at 7:39 p.m.

Alderman Sean M. McGuinness
Committee Clerk